

**Energy Efficiency Resource Standards Workgroup Meeting
Board Room, Appoquinimink School District, Odessa
2:00pm, Tuesday October 27th, 2009**

ATTENDANCE

Secretary Collin O'Mara, Department of Natural Resources and Environmental Control

Workgroup Members and Staff

Charlie Smisson, Workgroup Chair, Delaware Energy Office (DEO)

Pat McCullar, Delaware Municipal Electric Corporation (DEMEC)

Kimberly Schlichting, DEMEC

Dennis Savage, low-income representative

Bruce Burcat, Delaware Public Service Commission (DPSC)

Janis Dillard, DPSC

Bill Andrew, Delaware Electric Cooperative (DEC)

Mark Nielson, DEC

Tom Noyes, environmental representative

Ralph Nigro, Sustainable Energy Utility (SEU)

Glenn Moore, Delmarva Power (DP&L)

Jeff Tietbohl, Chesapeake Utilities

Steve Thompson, Chesapeake Utilities

Sally Buttner, on behalf of the Delaware Public Advocate (DPA) (called in)

Phil Cherry, DNREC

Scott Lynch, DNREC/ DEO

Cara Lampton, DNREC

Brian Gallagher, E3 Energy/DEO

Lado Kurdgelashvili, Center for Energy and Environmental Policy (CEEP), University of Delaware

I. Welcome and Introductions

Workgroup Chair Charlie Smisson called the meeting to order and invited Secretary Collin O'Mara to give a welcome note.

Secretary O'Mara welcomed Workgroup members to the first meeting and introduced the Workgroup staff. The Secretary outlined the motivations for the development of the EERS legislation and affirmed that the overarching objective of the Workgroup is to help create a model program that commits Delaware to a clean energy path and conforms to the highest standards. The Secretary announced that ACEEE recently named Delaware as the most improved state in their 2009 Energy Efficiency Scorecard and he noted that, with a successful implementation of the EERS, Delaware will be on track to be in their "top ten" ranking by next year.

Charlie Smisson reviewed the meeting agenda and the Workgroup members were introduced. Mr. Smisson also introduced Lado Kurdgelashvili from the Center for Energy and Environmental Policy (CEEP) at the University of Delaware. CEEP will be serving as a Technical Assistant to the Workgroup to aid in modeling and analysis.

II. “EERS 101” Presentation

Cara Lampton gave an overview presentation on the basics of the EERS as state policy in the U.S. and a review of the EERS objectives as defined in the legislation. The presentation will be posted on the EERS Workgroup webpage, which is located on the Energy Office website.

Steve Thompson expressed some concern over the exact definition of the savings goals as defined in SB 106. The Workgroup discussed the issue and decided that the terms and objectives outlined in the statute will be defined by a consensus of the Workgroup. This is the Workgroup’s first action item.

III. New Business/ Overview of Draft Work Plan

At the request of Charlie Smisson, SEU Contract Administrator Ralph Nigro provided an update on SEU program activities. The residential appliance rebate program is going smoothly and a new commercial and industrial lighting program will be rolled out in the next few months. The Contract Administrator has received several bids in response to the performance contracting under the Sustainable Communities RFQ.

Charlie Smisson brought up the related issue of SEU program funding. The Stimulus will provide the main source of funding for the next three years. More stable or long-term funding streams are to be obtained through a portion of RGGI monies and private capital bonds. To ensure the stability of the programs in the long term, additional funding streams are needed.

Mark Nielson asked if there was a way we could quantify the cost of the programs required to reach the energy savings targets. It was recommended that we look at some of the other states’ budgets and funding sources dedicated to EERS objectives.

Pat McCullar suggested that we develop a matrix of the different objectives and requirements in our legislation as compared with those of other states.

Measurement & Verification was identified as a critical issue and must be given priority on the list of tasks. Maryland has contracted out its M&V for EERS compliance to a third-party contractor. Workgroup Staff will find out more about this.

Tom Noyes suggested the use of the Energy Efficient Resource Units (EERU), defined as 1 kWh of energy savings, to provide an initial measure for comparison with which to evaluate the scale or magnitude of the projects these percent based targets will require. For example, by developing estimates of EERU’s that result from commonly employed household efficiency

measures, these metrics could serve as reference point for the number of households that would need to be reached.

Bill Andrew suggested the Workgroup frame its analysis not just on the technology component, but on education as well. Based on experience, he underscored the importance of developing programs with regard to the decision making and behavior of the customers, because the success of many energy saving technologies is contingent on customer participation and use.

Glenn Moore was asked for an update on the state of Delmarva Power's advanced metering (AMI) deployment. Mr. Moore said the program is scheduled to be complete by November 2010. Ms. Dillard added that she expects that dynamic pricing will be instituted in Delaware by mid 2011.

Mr. Moore also said that he sees the importance of the partnership with SEU and that it will be beneficial to work closely with the SEU to collaborate on energy efficiency investment opportunities. It was noted that the SEU is obligated to target all sectors and fuels, not just electricity and natural gas.

Steve Thompson mentioned the concern he has about the natural gas targets, and indicated that it will be important that the Workgroup determine the appropriate rules so that the natural gas providers will not be at a disadvantage because of fuel switching, which is likely to occur, in part, as a result of SEU programs.

Mr. Thompson reiterated the importance of working through the mechanics of implementation starting with the definitions, particularly the energy savings targets and the baseline determinants. How will the Workgroup recommend capturing or calculating the benefits of the energy savings? Doesn't this exercise start with our agreement on the appropriate baseline? Ralph Nigro agreed that the baseline determination, as stipulated in the legislation, is the most pressing issue. Mr. Nigro suggested that perhaps the utilities and the Technical Assistant should focus on this issue and begin by looking at what other states are using as their baseline determinates.

It was suggested that before splitting up into subgroups, the Workgroup would work together to address definitions and assumptions. Mr. Thompson suggested the following two tasks be addressed by the next meeting: 1) develop a strategy for coordinating the Workgroup deliverables and 2) determine the specific tasks of the subgroups and how they should be organized.

IV. Next Steps

The Workgroup agreed to hold meetings the second Thursday of the month. The next meeting will be Thursday November 12th from 1:30-3:30pm at the same location if possible.

The Workgroup requested more time to review the Work Plan, having only received the draft at the meeting. The Work Plan will be discussed at the next meeting.